MICRON TECHNOLOGY INC
Form 10-Q
March 21, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2019
OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-10658

Micron Technology, Inc.
(Exact name of registrant as specified in its charter)

Delaware	75-1618004
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
8000 S. Federal Way, Boise, Idaho	83716-9632
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	(208) 368-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes T No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes T No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer x	Accelerated Filer o	Non-Accelerated Filer o	Smaller Reporting Company o	Emerging Growth Company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x
The number of outstanding shares of the registrant's common stock as of March 14, 2019 was 1,106,687,011.

Micron Technology, Inc., including its consolidated subsidiaries, is an industry leader in innovative memory and storage solutions. Through our global brands – Micron®, Crucial®, and Ballistix® – our broad portfolio of high-performance memory and storage technologies, including DRAM, NAND, NOR Flash, and 3D XPoint memory, is transforming how the world uses information to enrich life. Backed by 40 years of technology leadership, our memory and storage solutions enable disruptive trends, including artificial intelligence, machine learning, and autonomous vehicles, in key market segments like data center, networking, automotive, industrial, mobile, graphics, and client.

Micron, Crucial, Ballistix, any associated logos, and all other Micron trademarks are the property of Micron. 3D XPoint is a trademark of Intel in the United States and/or other countries. Other product names or trademarks that are not owned by Micron are for identification purposes only and may be the registered or unregistered trademarks of their respective owners.

Definitions of Commonly Used Terms

As used herein, "we," "our," "us," and similar terms include Micron Technology, Inc. and our consolidated subsidiaries, unless the context indicates otherwise. Abbreviations, terms, or acronyms are commonly used or found in multiple locations throughout this report and include the following:

Term	Definition	Term	Definition
2022 Term Loan B	Senior Secured Term Loan B due 2022	Micron	Micron Technology, Inc. (Parent Company)
2024 Notes	4.64% Senior Unsecured Notes due 2024	MMJ	Micron Memory Japan, G.K.
2025 Notes	5.50% Senior Unsecured Notes due 2025	MMJ Group	MMJ and its subsidiaries
2026 Notes	4.98% Senior Unsecured Notes due 2026	MMT	Micron Memory Taiwan Co., Ltd.
2029 Notes	5.33% Senior Unsecured Notes due 2029	MTTW	Micron Technology Taiwan, Inc.
2032D Notes	3.13% Convertible Senior Notes due 2032	Qimonda	Qimonda AG
2033F Notes	2.13% Convertible Senior Notes due 2033	R&D	Research and Development
2043G Notes	3.00% Convertible Senior Notes due 2043	SG&A	Selling, General, and Administrative
CPU	Central Processing Unit	SSD	Solid-State Drive
IMFT	IM Flash Technologies, LLC	TLC	Triple-Level Cell
Inotera	Inotera Memories, Inc.	VIE	Variable Interest Entity
Intel	Intel Corporation		

The following Micron subsidiaries appear throughout this report:

Micron Consumer Products Group, Inc.	Micron Semiconductor Products, Inc.
Micron Europe Limited	Micron Semiconductor (Shanghai) Co. Ltd.
Micron Semiconductor B.V.,	Micron Semiconductor (Xi'an) Co., Ltd.
Micron Semiconductor (Deutschland) GmbH	

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements such as those made regarding our expected NAND and 3D XPoint™ development activities with Intel; the amount we expect to pay to purchase Intel's interest in IMFT; our expectation, from time to time, to engage in additional financing transactions; the sufficiency of our cash and investments, cash flows from operations, and available financing to meet our requirements at least through the next 12 months; and capital spending in 2019. We are under no obligation to update these forward-looking statements. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II, Other Information – Item 1A. Risk Factors."

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions except per share amounts)
(Unaudited)

	Quarter ended		Six months ended	
	February 28, 2019	March 1, 2018	February 28, 2019	March 1, 2018
Revenue	$5,835	$7,351	$13,748	$14,154
Cost of goods sold	2,971	3,081	6,269	6,137
Gross margin	2,864	4,270	7,479	8,017
Selling, general, and administrative	209	196	418	387
Research and development	601	523	1,212	971
Other operating (income) expense, net	97	(16)	133	(5)
Operating income	1,957	3,567	5,716	6,664
Interest income	58	27	96	50
Interest expense	(27)	(88)	(60)	(212)
Other non-operating income (expense), net	(84)	(53)	(75)	(257)
	1,904	3,453	5,677	6,245
Income tax provision	(280)	(143)	(757)	(257)
Equity in net income of equity method investees	1	1	1	1
Net income	1,625	3,311	4,921	5,989
Net income attributable to noncontrolling interests	(6)	(2)	(9)	(2)
Net income attributable to Micron	$1,619	$3,309	$4,912	$5,987
Earnings per share				
Basic	$1.45	$2.86	$4.37	$5.23
Diluted	1.42	2.67	4.24	4.86
Number of shares used in per share calculations				
Basic	1,114	1,156	1,123	1,145
Diluted	1,141	1,238	1,157	1,232

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Quarter ended		Six months ended	
	February 28, 2019	March 1, 2018	February 28, 2019	March 1, 2018
Net income	$1,625	$3,311	$4,921	$5,989
Other comprehensive income (loss), net of tax				
Gains (losses) on derivative instruments	6	18	(6)	15
Unrealized gains (losses) on investments	6	(1)	3	(2)
Foreign currency translation adjustments	(1)	—	(1)	—
Pension liability adjustments	—	2	—	1
Other comprehensive income (loss)	11	19	(4)	14
Total comprehensive income	1,636	3,330	4,917	6,003
Comprehensive income attributable to noncontrolling interests	(6)	(2)	(9)	(2)
Comprehensive income attributable to Micron	$1,630	$3,328	$4,908	$6,001

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS
(in millions except par value amounts)
(Unaudited)

As of	February 28, 2019	August 30, 2018
Assets		
Cash and equivalents	$ 6,353	$ 6,506
Short-term investments	1,180	296
Receivables	4,416	5,478
Inventories	4,390	3,595
Other current assets	211	164
Total current assets	16,550	16,039
Long-term marketable investments	1,614	473
Property, plant, and equipment	26,204	23,672
Intangible assets	350	331
Deferred tax assets	762	1,022
Goodwill	1,228	1,228
Other noncurrent assets	779	611
Total assets	$ 47,487	$ 43,376
Liabilities and equity		
Accounts payable and accrued expenses	$ 4,062	$ 4,374
Current debt	2,634	859
Other current liabilities	665	521
Total current liabilities	7,361	5,754
Long-term debt	3,604	3,777
Other noncurrent liabilities	993	581
Total liabilities	11,958	10,112
Commitments and contingencies		
Redeemable convertible notes	2	3
Redeemable noncontrolling interest	97	97
Micron shareholders' equity		
Common stock, $0.10 par value, 3,000 shares authorized, 1,178 shares issued and 1,106 outstanding (1,170 shares issued and 1,161 outstanding as of August 30, 2018)	118	117
Additional capital	8,143	8,201
Retained earnings	29,364	24,395
Treasury stock, 72 shares held (9 shares as of August 30, 2018)	(3,064)	(429)
Accumulated other comprehensive income	6	10
Total Micron shareholders' equity	34,567	32,294
Noncontrolling interests in subsidiaries	863	870
Total equity	35,430	33,164

Total liabilities and equity	$ 47,487	$ 43,376

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions)
(Unaudited)

	Micron Shareholders Common Stock Number of Shares	Amount	Additional Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Micron Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance at August 30, 2018	1,170	$ 117	$ 8,201	$ 24,395	$ (429)	$ 10	$ 32,294	$ 870	$ 33,164
Cumulative effect of adopting new accounting standards				92			92		92
Net income				3,293			3,293	—	3,293
Other comprehensive income (loss), net						(15)	(15)		(15)
Stock issued under stock plans	3	—	15				15		15
Stock-based compensation expense			61				61		61
Repurchase of stock	(1)	—	108	(11)	(1,933)		(1,836)		(1,836)
Reclassification of redeemable convertible notes, net			1				1		1
Conversion and repurchase of convertible notes			(36)				(36)		(36)
Balance at November 29, 2018	1,172	$ 117	$ 8,350	$ 27,769	$ (2,362)	$ (5)	$ 33,869	$ 870	$ 34,739
Net income				1,619			1,619	5	1,624
Other comprehensive income (loss), net						11	11		11
Stock issued under stock plans	7	1	76				77		77
Stock-based compensation expense			57				57		57
Repurchase of stock	(1)	—	(5)	(24)	(702)		(731)		(731)
Acquisitions of noncontrolling interest							—	(12)	(12)
Reclassification of redeemable convertible notes, net			1				1		1
Conversion and repurchase of convertible			(336)				(336)		(336)

notes									
Balance at February 28, 2019	1,178	$ 118	$ 8,143	$ 29,364	$ (3,064)	$ 6	$ 34,567	$ 863	$ 35,430

See accompanying notes to consolidated financial statements.

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MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions)
(Unaudited)

	Micron Shareholders								
	Common Stock Number of Shares	Amount	Additional Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Micron Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance at August 31, 2017	1,116	$ 112	$ 8,287	$ 10,260	$ (67)	$ 29	$ 18,621	$ 849	$ 19,470
Net income				2,678			2,678	—	2,678
Other comprehensive income (loss), net						(5)	(5)		(5)
Contributions from noncontrolling interests								18	18
Stock issued in public offering	34	3	1,363				1,366		1,366
Stock issued under stock plans	9	1	105				106		106
Stock-based compensation expense			51				51		51
Repurchase of stock	(1)	—	(90)		—		(90)		(90)
Reclassification of redeemable convertible notes, net			3				3		3
Conversion and repurchase of convertible notes			(271)		67		(204)		(204)
Balance at November 30, 2017	1,158	$ 116	$ 9,448	$ 12,938	$ —	$ 24	$ 22,526	$ 867	$ 23,393
Net income				3,309			3,309	2	3,311
Other comprehensive income (loss), net						19	19		19
Stock issued under stock plans	8	—	82				82		82
Stock-based compensation expense			52				52		52
Repurchase of stock	(1)	—	(44)		—		(44)		(44)
Settlement of capped calls			313		(313)		—		—
Reclassification of redeemable convertible notes, net			5				5		5
Conversion and repurchase of convertible notes			(252)				(252)		(252)
Balance at March 1, 2018	1,165	$ 116	$ 9,604	$ 16,247	$ (313)	$ 43	$ 25,697	$ 869	$ 26,566

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

Six months ended	February 28, 2019	March 1, 2018
Cash flows from operating activities		
Net income	$ 4,921	$ 5,989
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense and amortization of intangible assets	2,648	2,241
Amortization of debt discount and other costs	29	55
Stock-based compensation	118	103
Loss on debt prepayments, repurchases, and conversions	69	218
Change in operating assets and liabilities		
Receivables	1,202	(630)
Inventories	(800)	(62)
Deferred tax assets	320	(262)
Accounts payable and accrued expenses	(326)	178
Other	64	154
Net cash provided by operating activities	8,245	7,984
Cash flows from investing activities		
Expenditures for property, plant, and equipment	(5,349)	(4,217)
Purchases of available-for-sale securities	(2,566)	(502)
Proceeds from government incentives	455	1
Proceeds from maturities of available-for-sale securities	391	138
Proceeds from sales of available-for-sale securities	160	562
Other	(10)	175
Net cash provided by (used for) investing activities	(6,919)	(3,843)
Cash flows from financing activities		
Payments to acquire treasury stock	(2,568)	(67)
Repayments of debt	(705)	(3,379)
Payments on equipment purchase contracts	(37)	(153)
Proceeds from issuance of debt	1,800	650
Proceeds from issuance of stock	92	1,554
Other	(65)	(25)
Net cash provided by (used for) financing activities	(1,483)	(1,420)
Effect of changes in currency exchange rates on cash, cash equivalents, and restricted cash	(1)	4
Net increase (decrease) in cash, cash equivalents, and restricted cash	(158)	2,725
Cash, cash equivalents, and restricted cash at beginning of period	6,587	5,216
Cash, cash equivalents, and restricted cash at end of period	$ 6,429	$ 7,941

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All tabular amounts in millions except per share amounts)
(Unaudited)

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Micron and our consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America consistent in all material respects with those applied in our Annual Report on Form 10-K for the year ended August 30, 2018, except for changes related to recently adopted accounting standards. See "Recently Adopted Accounting Standards" note. Prior year information is presented in accordance with the accounting guidance in effect during that period and has not been recast for recently adopted accounting standards. In the opinion of our management, the accompanying unaudited consolidated financial statements contain all necessary adjustments, consisting of a normal recurring nature, to fairly state the financial information set forth herein. Certain reclassifications have been made to prior period amounts to conform to current period presentation.

Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. Fiscal years 2019 and 2018 each contain 52 weeks. All period references are to our fiscal periods unless otherwise indicated. These interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended August 30, 2018.

Variable Interest Entities

We have interests in entities that are VIEs. If we are the primary beneficiary of a VIE, we are required to consolidate it. To determine if we are the primary beneficiary, we evaluate whether we have the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our evaluation includes identification of significant activities and an assessment of our ability to direct those activities based on governance provisions and arrangements to provide or receive product and process technology, product supply, operations services, equity funding, financing, and other applicable agreements and circumstances. Our assessments of whether we are the primary beneficiary of our VIEs require significant assumptions and judgments.

Unconsolidated VIEs

PTI Xi'an: Powertech Technology Inc. Xi'an ("PTI Xi'an") is a wholly-owned subsidiary of Powertech Technology Inc. ("PTI") and was created to provide assembly services to us at our manufacturing site in Xi'an, China. We do not have an equity interest in PTI Xi'an. PTI Xi'an is a VIE because of the terms of its service agreement with us and its dependency on PTI to finance its operations. We do not have the power to direct the activities of PTI Xi'an that most significantly impact its economic performance, primarily because we do not have governance rights. Therefore, we do not consolidate PTI Xi'an. In connection with our assembly services with PTI, as of February 28, 2019 and August 30, 2018, we had net property, plant, and equipment of $56 million and $63 million, respectively, and capital lease obligations of $55 million and $63 million, respectively.

Consolidated VIE

IMFT: IMFT is a VIE because all of its costs are passed to us and its other member, Intel, through product purchase agreements and because IMFT is dependent upon us or Intel for additional cash requirements. The primary activities of IMFT are driven by the constant introduction of product and process technology. Because we perform a significant majority of the technology development, we have the power to direct its key activities. We consolidate IMFT because we have the power to direct the activities of IMFT that most significantly impact its economic performance and because we have the obligation to absorb losses and the right to receive benefits from IMFT that could potentially be significant to it. On January 14, 2019, we exercised our option to acquire Intel's interest in IMFT. As a result, Intel can elect to set the closing date of the transaction to be any time between approximately six months to one year from the date we exercised our call option. (See "Equity – Noncontrolling Interests in Subsidiaries – IMFT" note.)

Recently Adopted Accounting Standards

In October 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-16 – Intra-Entity Transfers Other Than Inventory ("ASU 2016-16"), which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. We adopted this ASU in the first quarter of 2019 under the modified retrospective method and, in connection therewith, made certain adjustments as noted in the table below.

In January 2016, the FASB issued ASU 2016-01 – Recognition and Measurement of Financial Assets and Financial Liabilities, which provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. We adopted this ASU in the first quarter of 2019 under the modified retrospective method, with prospective adoption for amendments related to equity securities without readily determinable fair values. The adoption of this ASU did not have a material impact on our financial statements.

In May 2014, the FASB issued ASU 2014-09 – Revenue from Contracts with Customers (as amended, "ASC 606"), which supersedes nearly all existing revenue recognition guidance under generally accepted accounting principles in the United States. The core principal of ASC 606 is that an entity should recognize revenue when it transfers control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASC 606 also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. We adopted ASC 606 in the first quarter of 2019 under the modified retrospective method and, in connection therewith, made certain adjustments as noted in the table below. We applied ASC 606 to contracts with customers that had not yet been completed as of the adoption date.

The following table summarizes the effects of adopting ASU 2016-16 and ASC 606.

	Ending Balance as of August 30, 2018	ASU 2016-16	ASC 606	Opening Balance as of August 31, 2018
Receivables	$ 5,478	$ —	$ 114	$ 5,592
Inventories	3,595	—	(5)	3,590
Other current assets	164	(14)	30	180
Deferred tax assets	1,022	56	(92)	986
Other current liabilities	521	—	(4)	517
Other noncurrent liabilities	581	—	1	582
Retained earnings	24,395	42	50	24,487

As a result of the adoption of ASC 606, the opening balances as of August 31, 2018 for receivables, other current assets, and other current liabilities increased due to the reclassification of allowances for rebates, pricing adjustments, and returns to conform to the new presentation requirements. In addition, the margin from previously deferred sales to distributors was reclassified from other current liabilities to retained earnings. The tax effects of the adoption of ASC 606 were recorded primarily as a reduction of net deferred tax assets, substantially as a result of recognizing income for accounting purposes earlier under ASC 606 than for tax purposes in various jurisdictions.

The effects of ASC 606 to our consolidated statement of operations and balance sheet were as follows:

	Quarter ended February 28, 2019			Six months ended February 28, 2019		
	As Reported	Adjustments	Amounts Without the Effects of Adoption of ASC 606	As Reported	Adjustments	Amounts Without the Effects of Adoption of ASC 606
Revenue	$5,835	$ (20)	$ 5,815	$13,748	$ (115)	$13,633
Cost of goods sold	2,971	(28)	2,943	6,269	(69)	6,200
Interest expense	(27)	1	(26)	(60)	3	(57)
Income tax provision	(280)	(8)	(288)	(757)	(5)	(762)
Net income attributable to Micron	1,619	1	1,620	4,912	(48)	4,864

As of February 28, 2019	As Reported	Adjustments	Amounts Without the Effects of Adoption of ASC 606
Receivables	$ 4,416	$ (154)	$ 4,262
Other current assets	211	(39)	172
Deferred tax assets	762	87	849
Accounts payable and accrued expenses	4,062	—	4,062
Other current liabilities	665	(7)	658
Other noncurrent liabilities	993	(1)	992
Retained earnings	29,364	(98)	29,266

Recently Issued Accounting Standards Not Yet Adopted

In November 2018, the FASB issued ASU 2018-18 – Collaborative Arrangements, which clarifies that certain transactions between collaborative arrangement participants should be accounted for as revenue when the collaborative arrangement participant is a customer in the context of a unit of account and precludes recognizing as revenue consideration received from a collaborative arrangement participant if the participant is not a customer. This ASU will be effective for us in the first quarter of 2021 with early adoption permitted. This ASU requires retrospective adoption to the date we adopted ASC 606, August 31, 2018, by recognizing a cumulative-effect adjustment to the opening balance of retained earnings of the earliest annual period presented. We are evaluating the timing and effects of our adoption of this ASU on our financial statements.

In June 2016, the FASB issued ASU 2016-13 – Measurement of Credit Losses on Financial Instruments, which requires a financial asset (or a group of financial assets) measured on the basis of amortized cost to be presented at the net amount expected to be collected. This ASU requires that the income statement reflect the measurement of credit losses for newly recognized financial assets as well as the increases or decreases of expected credit losses that have taken place during the period. This ASU requires that credit losses of debt securities designated as available-for-sale be recorded through an allowance for credit losses and limits the credit loss to the amount by which fair value is below amortized cost. This ASU will be effective for us in the first quarter of 2021 with adoption permitted as early as the first quarter of 2020. This ASU requires modified retrospective adoption, with prospective adoption for debt securities for which an other-than-temporary impairment had been recognized before the effective date. We are evaluating the timing and effects of our adoption of this ASU on our financial statements.

In February 2016, the FASB issued ASU 2016-02 – Leases, which amends a number of aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of- use asset and corresponding liability, measured at the present value of lease payments. This ASU, as amended, will be effective for us in the first quarter of 2020 with early adoption permitted and allows for either a modified retrospective adoption or a retrospective adoption by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The adoption of this ASU will result in an increase to our consolidated balance sheets for these right-of-use assets and corresponding liabilities. We are evaluating the timing and other effects of our adoption of this ASU on our financial statements.

Cash and Investments

Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

As of	February 28, 2019				August 30, 2018			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments[1]	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments[1]	Total Fair Value
Cash	$2,652	$ —	$ —	$2,652	$3,223	$ —	$ —	$3,223
Level 1[2]								
Money market funds	3,114	—	—	3,114	2,443	—	—	2,443
Level 2[3]								
Corporate bonds	21	692	923	1,636	3	172	272	447
Government securities	80	255	280	615	5	63	103	171
Asset-backed securities	—	105	401	506	—	34	96	130
Certificates of deposit	382	39	10	431	806	11	2	819
Commercial paper	104	89	—	193	26	16	—	42
	6,353	$ 1,180	$ 1,614	$9,147	6,506	$ 296	$ 473	$7,275
Restricted cash[4]	76				81			
Cash, cash equivalents, and restricted cash	$6,429				$6,587			

(1) The maturities of long-term marketable securities range from one to four years.

(2) The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

(3) The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analyses to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of February 28, 2019 or August 30, 2018.

(4) Restricted cash is included in other noncurrent assets and primarily consisted of balances related to the MMJ Creditor Payments. The restrictions on the MMJ Creditor Payments lapse upon approval by the trustees and/or Tokyo District Court.

Gross realized gains and losses from sales of available-for-sale securities were not material for any period presented. As of February 28, 2019, there were no available-for-sale securities that had been in a loss position for longer than 12 months.

Receivables

As of	February 28, 2019	August 30, 2018
Trade receivables	$ 3,997	$ 5,056
Income and other taxes	250	161

Other	169	261
	$ 4,416	$ 5,478

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Inventories

As of	February 28, 2019	August 30, 2018
Finished goods	$ 843	$ 815
Work in process	3,023	2,357
Raw materials and supplies	524	423
	$ 4,390	$ 3,595

Property, Plant, and Equipment

As of	February 28, 2019	August 30, 2018
Land	$ 346	$ 345
Buildings	9,547	8,680
Equipment[1]	41,377	38,249
Construction in progress[2]	1,715	1,162
Software	745	655
	53,730	49,091
Accumulated depreciation	(27,526)	(25,419)
	$ 26,204	$ 23,672

(1) Included costs related to equipment not placed into service of $2.51 billion and $1.73 billion, as of February 28, 2019 and August 30, 2018, respectively.

(2) Included building-related construction, tool installation, and software costs for assets not yet placed into service.

Intangible Assets and Goodwill

As of	February 28, 2019		August 30, 2018	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortizing assets				
Product and process technology	$ 577	$ (227)	$ 567	$ (344)
Non-amortizing assets				
In-process R&D	—	—	108	—
Total intangible assets	$ 577			